

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6942**

**BILL NUMBER:** HB 1260

**DATE PREPARED:** Jan 8, 2002

**BILL AMENDED:**

**SUBJECT:** Septic Systems.

**FISCAL ANALYST:** Michael Molnar

**PHONE NUMBER:** 232-9559

**FUNDS AFFECTED:** ☒ **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill with respect to septic system construction plans and permit applications, provides for local health department review for one- and two-family residences and properties with comparable systems, State Department of Health review for all other types of property, and final approval by the county commissioners for state-owned property.

**Effective Date:** July 1, 2002.

**Explanation of State Expenditures:** This bill may change the number and type of septic permits reviewed by the state. The State Department of Health (SDH) currently inspects commercial on-site sewage disposal and other permits involving a septic system with design flows of 750 gallons per day or more (generally equivalent to a large residence).

Local health departments currently review one- and two-family homes. The SDH is responsible for all other properties. This bill includes provision for local health departments to review permits for facilities that have a flow design *equivalent* to a one- or two-family home. The SDH reviews facilities other than residences with this flow design and may defer these permits to local health departments for review.

This provision may reduce the number of permits reviewed by the SDH annually. However, it is difficult to ascertain the extent of the impact given the SDH referral discretion and that local health departments may currently review these permits. In 2001 the SDH reviewed 674 sets of septic plans, and issued 244 commercial on-site sewage disposal permits. Any reduction in SDH responsibilities may result in cost savings. Current state cost for the commercial permit program is \$572 per permit approved or \$207 per plan reviewed at an annual cost of \$139,572.

**Explanation of State Revenues:** The SDH does not charge a fee for septic permits, thus there would be no reduction in revenues associated with this provision.

**Explanation of Local Expenditures:** This bill may change the number and type of septic permits reviewed by local health departments. Local health departments are responsible for following state minimum guidelines in issuing septic permits.

Local health departments currently review one- and two-family homes. This bill includes provision for local health departments to review permits for facilities that have a flow design equivalent to a one- or two-family home. These facilities are currently reviewed by the SDH and may be referred to local health departments. This provision may increase the number of permits reviewed by local health departments annually. However, it is difficult to ascertain the extent of the impact given the SDH referral discretion and that local health departments may currently review these permits. Local health departments review and issue between 15,000 to 20,000 septic permits annually.

**Explanation of Local Revenues:** Local revenues may increase due to a possible shift in workload from the SDH to local health departments. Fees for local review of septic permits are established by local ordinance and vary across the state. Additional revenue is expected to be minimal due to the small number of permits affected.

**State Agencies Affected:** State Department of Health.

**Local Agencies Affected:** Local Health Departments.

**Information Sources:** Marilyn Cage, Legislative Liaison, State Department of Health, (317) 233-2170; Howard Cundiff, Acting Director, Sanitary Engineering Section, State Department of Health. (317) 233-7182.